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United Nations Population Fund

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UNITED NATIONS POPULATION FUND

REVISION OF FINANCIAL REGULATIONS

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director of the United Nations Population Fund (UNFPA) on the revision of Financial Regulations (DP/FPA/2008/15 and Corr. 1). During its consideration of the report, the Advisory Committee met with representatives of UNFPA, who provided additional information and clarification.

2. In her report, the Executive Director proposes to revise the existing financial regulation 14.5 related to ex-gratia payments. Regulation 14.5, which was adopted by the Governing Council in 1983, allows the Executive Director to make ex-gratia payments not exceeding $25,000, as he/she deems necessary in the interest of UNFPA (DP/FPA/2008/15, para. 2). The Advisory Committee was informed that this ceiling has been interpreted to indicate the total amount that can be paid in a single year.

3. The Committee notes that one such payment of $10,000 was made during the period 2005-2007 to one staff member (DP/FPA/2008/15/Corr.1). However, in the aftermath of the bombing of the United Nations office in Algiers, it became evident that, under certain circumstances, it may be necessary to exceed the limit set in financial regulation 14.5 for ex-gratia payments, in order to provide the ability to respond in a more timely and appropriate manner. The Committee was informed that, on the basis of the Secretary-General's recommendation, the United Nations Population Fund (UNFPA) and other agencies followed a common harmonized approach towards their staff members who were affected by the bombing.

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2008. These payments will be reflected in the financial statements for the period 2008-2009 and disclosed in the Board of Auditors' report to the General Assembly.

4. The Executive Director's amendment to financial regulation 14.5 therefore proposes to remove the $25,000 financial limit (see DP/FPA/2008/15, para. 6). The Committee notes that no such financial limit on ex-gratia payments is contained in the Financial Regulations and Rules of the United Nations, the United Nations Children's Fund or the United Nations World Food Programme. A similar amendment has been proposed to the United Nations Development Programme (UNDP) Financial Regulations (see DP/2008/42). The Committee also notes that, following approval by the Executive Board of the revision to financial regulation 14.5, UNFPA would amend the corresponding financial rule 114.9 by providing for referral of cases to the "United Nations Population Fund Legal Officer" for opinion as to legal liability, rather than to the "United Nations Office of Legal Affairs" as the rule currently reads (ibid, paras. 7-8). Upon enquiry, the Committee was informed that there was an internal process to determine whether a case constituted a moral obligation of the Fund. The Committee emphasizes that this process should be as expeditious as possible.

5. The Advisory Committee does not object to the revision of the Financial Regulations and Rules as proposed by the Executive Director in her report which, as indicated in paragraph 3 above, would provide UNFPA the ability to respond in a timely and appropriate manner to such crises in future and harmonize UNFPA's approach with that of the United Nations and other funds and programmes, including UNDP. Upon enquiry, the Committee was informed that the UNFPA Legal Support Office consults regularly with the United Nations Office of Legal Affairs as well as other agencies, funds and programmes of the system. The Advisory Committee recalls, inter alia, paragraph 16 of its report on the amendment of the UNDP Financial Regulations regarding ex-gratia payments (DP/2008/42) and emphasizes once again the role of the Office of Legal Affairs as the central legal service of the United Nations.